NET
MARKETING
CO. LTD.

Financial Results

for the Fiscal Year Ended June 30, 2022

Net Marketing Co. Ltd.

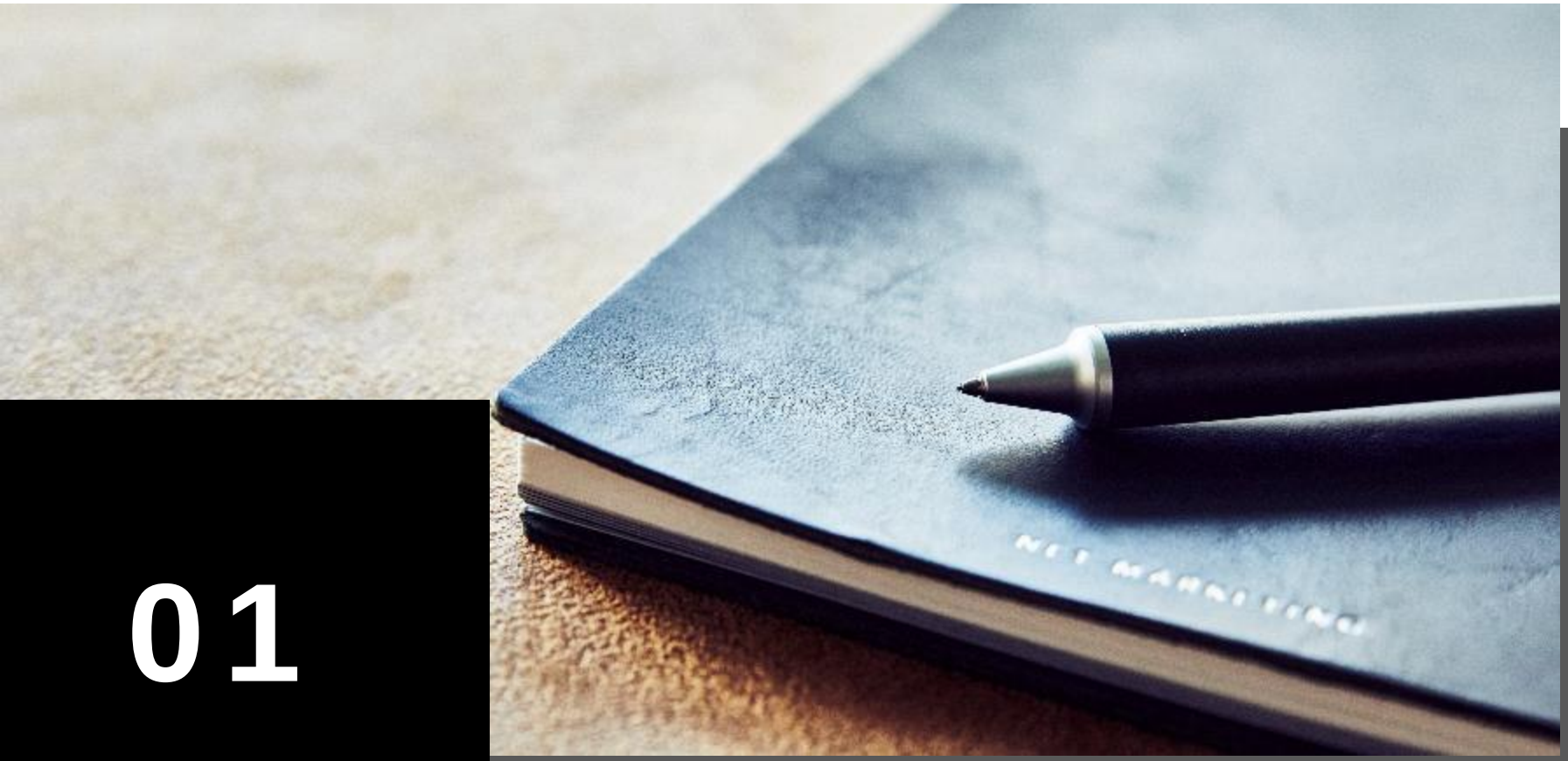
Stock Code 6175

[Forward-looking statements]

This material was prepared by Net Marketing Co. Ltd. (hereinafter referred to as “the Company”) to increase understanding of the current status of the Company. The information contained in this material is derived from various sources including knowledge within the Company and public information available to the Company and the Company makes no guarantee of the accuracy of such information. The actual performance of the Company may differ due to a variety of factors.

[Representation of net sales in this material]

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) applies to the financial statements for the fiscal year ended June 30, 2022 and subsequent fiscal years. Accordingly, net sales of the Advertising Business segment are stated in net amounts, not in total amounts as in the statements for the past fiscal years.
For the purpose of comparison with past years' results, some slides in this material display net sales in total amounts.



01

Financial Highlights for the
Fiscal Year Ended June 30, 2022

Executive Summary

Fiscal year ended June 30, 2022	Net Sales	Operating Income
Company-wide results	**5,168 million yen**	**404 million yen**
Change YoY	+8.1%*	-30.8%
Media Business Actual	**3,750 million yen**	**389 million yen**
Change YoY	-21.7%	-43.2%
Advertising Business Actual	**1,428 million yen**	**748 million yen**
Change YoY	+21.8%*	+34.6%
Earnings forecast for the fiscal year ended June 30, 2022 (figures announced in August 2021)	**5,785 million yen**	**500 million yen**

* Comparison figures are calculated using figures before application of the Accounting Standard for Revenue Recognition.
Actual results include adjustments (internal sales and corporate expenses).

Company-wide

- Net sales under the conventional standard increased 8.1% year on year, reaching the highest net sales in two fiscal years, but operating income declined 30.8% year on year.
- Although the performance of the Advertising Business remained strong and it significantly contributed to earnings, the Media Business fell short of the full-year earnings forecast due to a delay in the recovery of the Media Business.

Media Business

- Decrease in the number of Omiai paying members and point purchases by existing Omiai members compared to the initial plan
- Lower-than-expected accumulation of memberships in the fourth quarter, which is usually a busy season, resulted in lower net sales and income year on year.

Advertising Business

- Sales strategy was successful, and net sales under the conventional standard increased year on year. Operating income significantly increased by 34.6%.
- Financial projects centered on foreign exchange trading and cryptocurrency remained strong throughout the year and made a significant contribution to the earnings.

©2022 Net Marketing Co. Ltd. All rights reserved.

Financial Highlights

Year on Year

Net sales under the conventional standard increased 8.1% year on year, reaching the highest net sales in two fiscal years. Operating income decreased by 30.8%.

(Million yen)

	2021.6 Actual	**2022.6 Actual**	(Reference: Under the conventional standard*)	Increase/Decrease (%) (Under the conventional standard)
Net Sales	14,011	5,168	15,143	**+8.1%**
Gross Profit	4,521	3,906	3,906	**-13.6%**
Gross Profit Margin	*32.3%*	*75.6%*	*25.8%*	
Operating Income	584	404	404	**-30.8%**
Operating Income Margin	*4.2%*	*7.8%*	*2.7%*	
Ordinary Income	592	426	426	**-28.0%**
Net Income	336	326	326	**-3.0%**

* Figures show those for the case in which the Accounting Standard for Revenue Recognition (ASBJ Statement No.29) is not applied.

©2022 Net Marketing Co. Ltd. All rights reserved.

Media Business

Full-Year Earnings (July-June)

NET MARKETING CO. LTD.

The accumulation of Omiai paying members and point purchases by existing Omiai members was lower than assumptions for the fourth quarter, which is usually a busy season, resulting in lower net sales and income year on year.

(Million yen)

	2021.6 Actual	**2022.6 Actual**	Increase/Decrease (%)
Net Sales	4,789	3,750	**-21.7%**
Operating Income	686	389	**-43.2%**
Operating Income Margin	*14.3%*	*10.4%*	

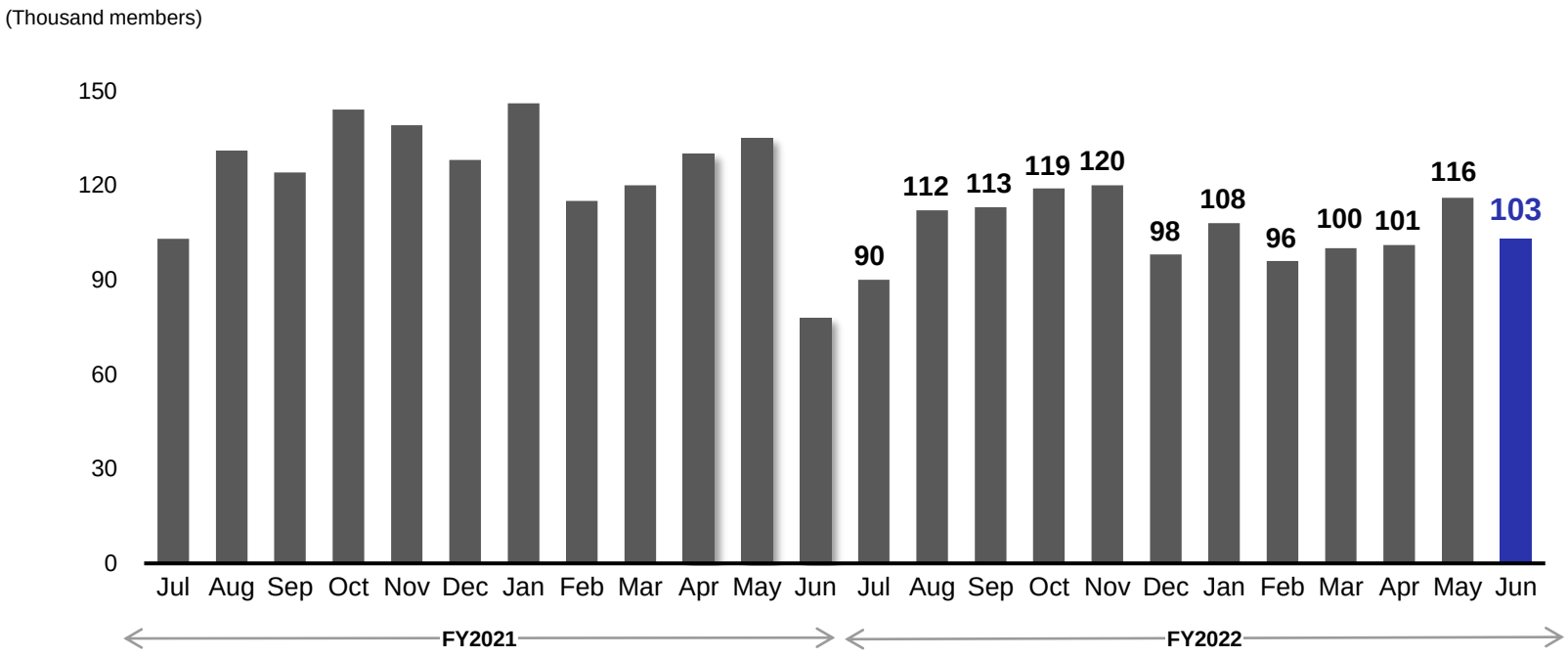
※Actual results include adjustments (internal sales and corporate expenses).

©2022 Net Marketing Co. Ltd. All rights reserved.

Media Business

Number of New Members (Monthly)

The number of new members remained at around 100,000 through the fourth quarter, due to operations emphasizing new member acquisition efficiency and follow-up promotional activities.

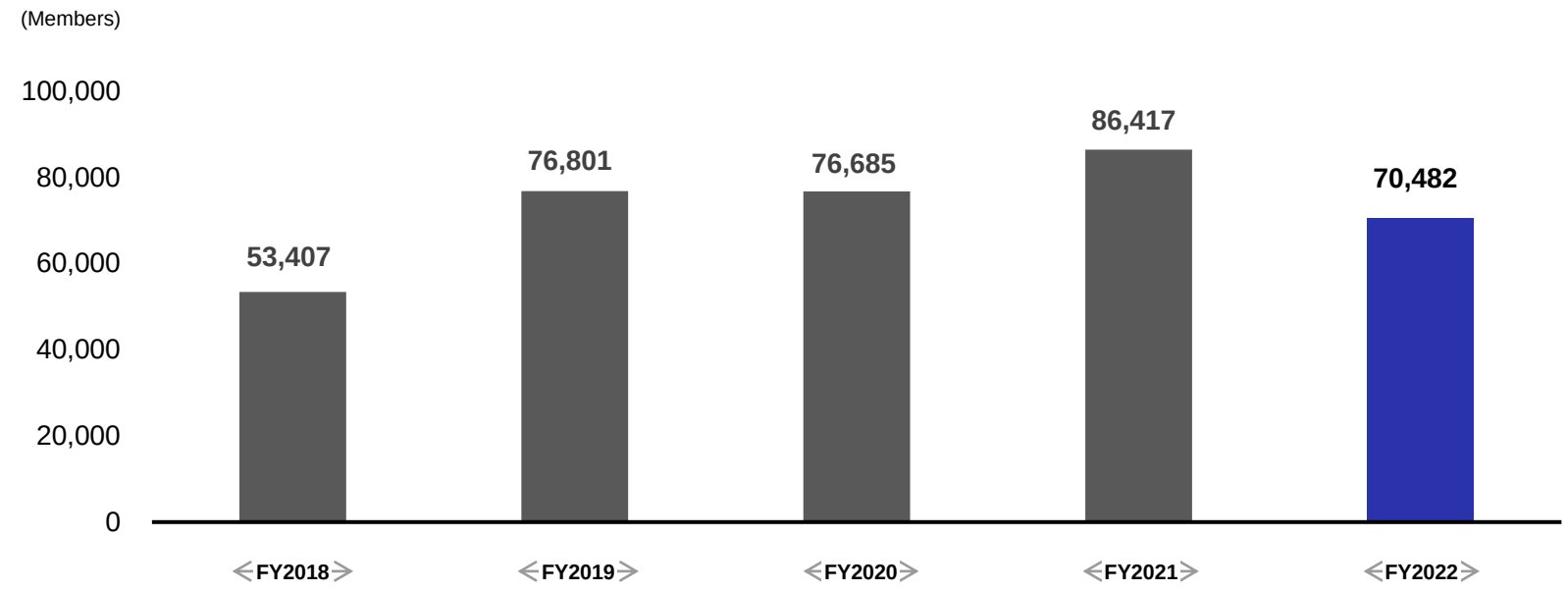


©2022 Net Marketing Co. Ltd. All rights reserved.

Media Business

Number of Paying Members at the Year-end

We concentrated our resources on reinforcing security and improving security, including measures against dishonest members for the future growth of Omiai. Consequently, the number of paying members was substantially down compared to the previous year. In FY2023, we aim to increase the number of paying members through efforts to enhance convenience including continuous product improvement.



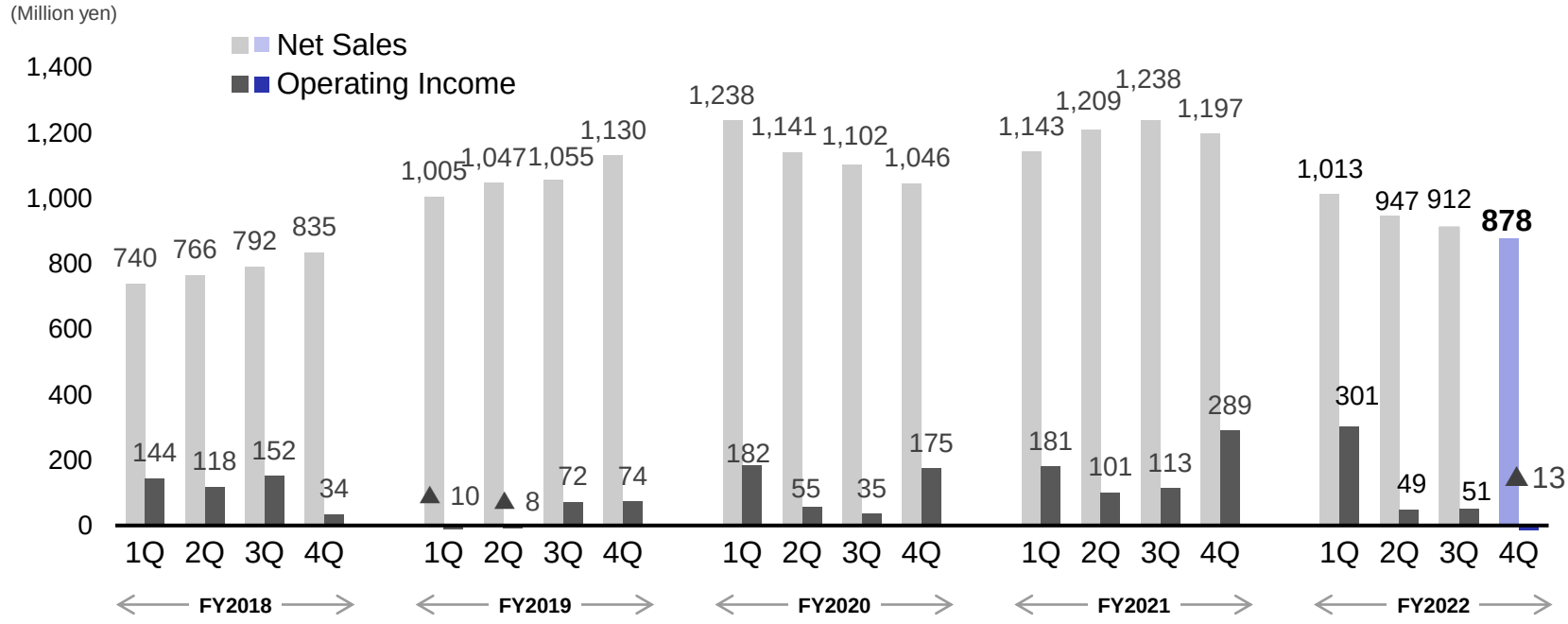
Number of paying members: Number of members who use the monthly subscription service (excludes members who do not use the monthly subscription service and have purchased the point premium pack only)

©2022 Net Marketing Co. Ltd. All rights reserved.

Media Business

Changes in Financial Results

The increase in costs due to service improvements, such as enhanced security and measures against dishonest members, as well as concentrated investment to acquire new members resulting in promotional expenses, will result in a significant decline in both net sales and profits. In FY2023, we aim to achieve an early V-shaped recovery by increasing the number of member registrations and the number of paying members.



* The figures in the graph include segment adjustments.
* Although we announced the consolidated financial results in the fiscal year ended June 2018, we have been preparing non-consolidated financial statements since the fiscal year ended June 2019. From the aforementioned fiscal year onwards, the figures are on a non-consolidated basis.

©2022 Net Marketing Co. Ltd. All rights reserved.

Advertising Business

4Q Full-Year Financial Results (July-June)

NET MARKETING CO. LTD.

Sales and profit increased significantly year on year due to the success of sales strategies, including increased accumulation of existing projects and targeted new business development.
In particular, financial projects centered on foreign exchange trading and cryptocurrency remained strong throughout the year and significantly contributed to earnings.

(Million yen)

	2021.6 Actual	**2022.6 Actual**	(Reference: Under the conventional standard*)	Increase/Decrease (%) (Under the conventional standard)
Net Sales	9,660	1,428	11,767	**+21.8%**
Operating Income	556	748	748	**+34.6%**
Operating Income Margin	5.8%	*52.4%*	*6.4%*	

* Actual results include adjustments (internal sales and corporate expenses).
* The Accounting Standard for Revenue Recognition (ASBJ Statement No.29) is not reflected in these results.

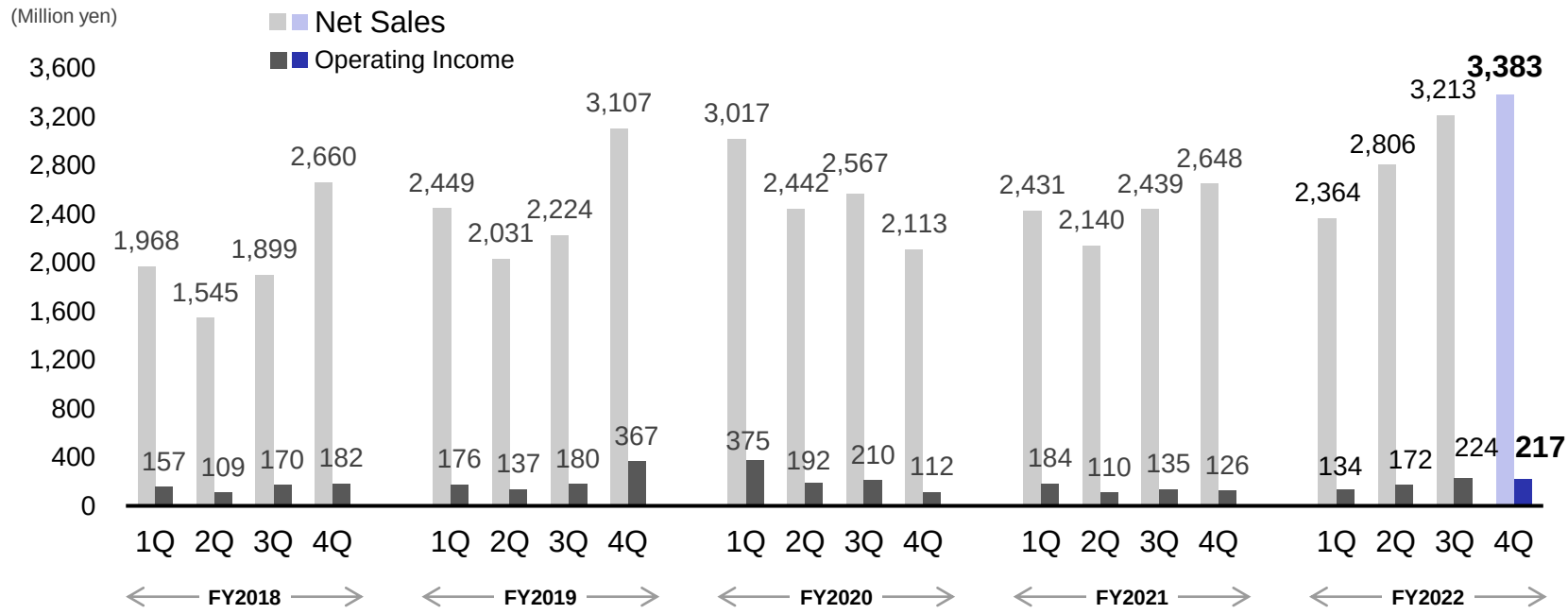
©2022 Net Marketing Co. Ltd. All rights reserved.

Advertising Business (presented in total amounts)

Changes in Financial Results

NET MARKETING CO. LTD.

Strong sales of financial projects in affiliate advertising led to record high sales in the fourth quarter and for the full year.



* Starting from the current fiscal year, net sales are presented in net amounts due to the application of the new revenue recognition standard. However, the above graph has been created based on total amounts for easy comparisons with previous results.

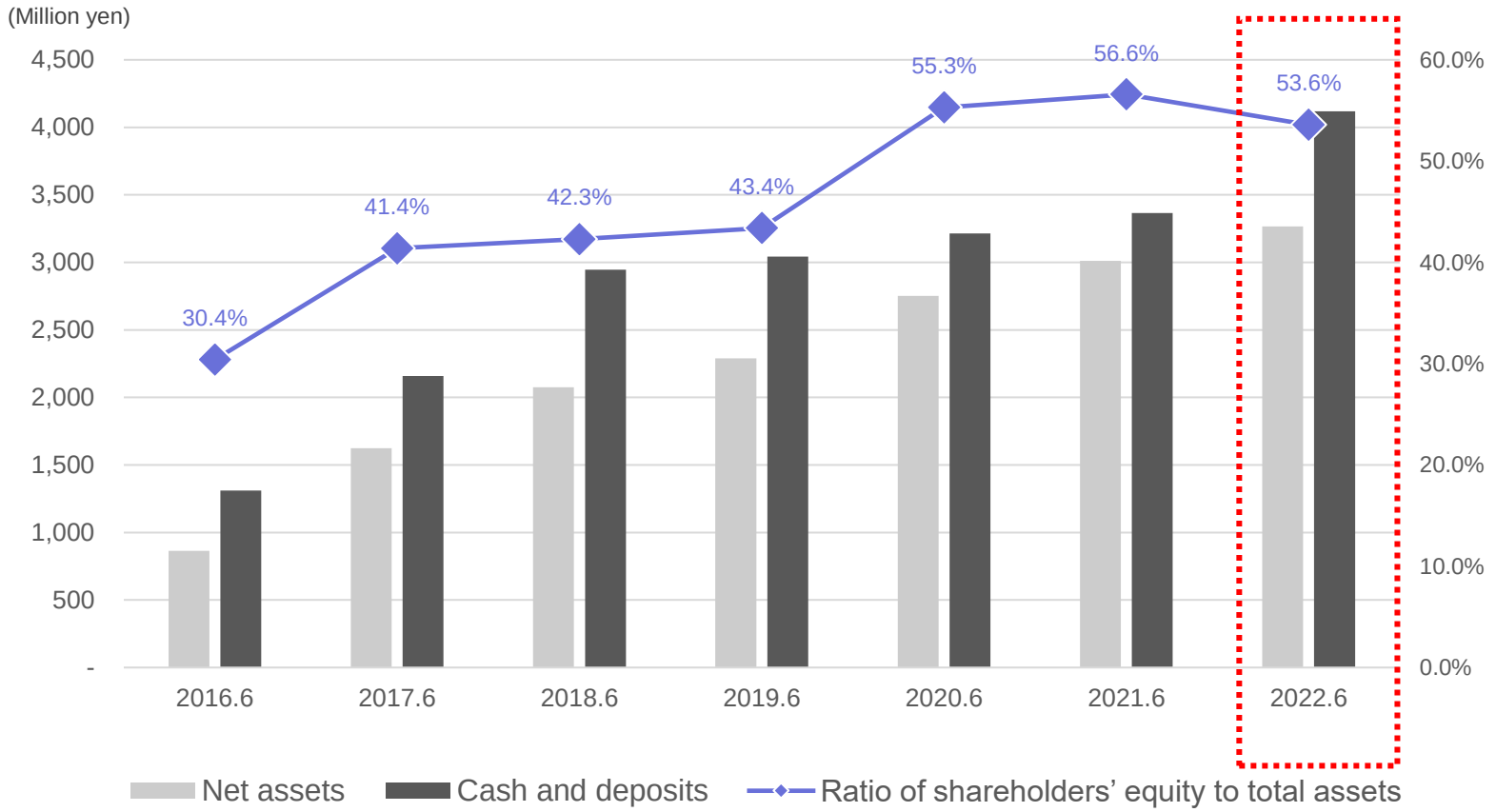
* The figures in the graph include segment adjustments.

* Although we announced the consolidated financial results in the fiscal year ended June 2018, we have been preparing non-consolidated financial statements since the fiscal year ended June 2019. From the aforementioned fiscal year onwards, the figures are on a non-consolidated basis.

©2022 Net Marketing Co. Ltd. All rights reserved.

Changes in Net Assets and Ratio of Shareholders' Equity to Total Assets

With the ratio of shareholders' equity to total assets, cash and deposits and net assets standing at 53.6%, 4,120 million yen and 3,260 million yen, respectively, we succeeded in maintaining a stable financial foundation.



©2022 Net Marketing Co. Ltd. All rights reserved.

FY2022 Shareholder Returns

Based on our policy of stable profit distribution, we plan to pay a dividend of 6 yen per share for the fiscal year ended June 30, 2022, as initially forecast.*

Status of Dividends: Dividend per share

	2020.6	2021.6	2022.6*
Interim Dividend	0 yen	0 yen	0 yen
Year-end Dividend (Payout Ratio)	**6 yen** (17.4%)	**6 yen** (26.4%)	**6 yen** (27.5%)

* The year-end dividend plan for the fiscal year ended June 30, 2022 will be proposed at the ordinary general meeting of shareholders to be held in September 2022.

©2022 Net Marketing Co. Ltd. All rights reserved.

02



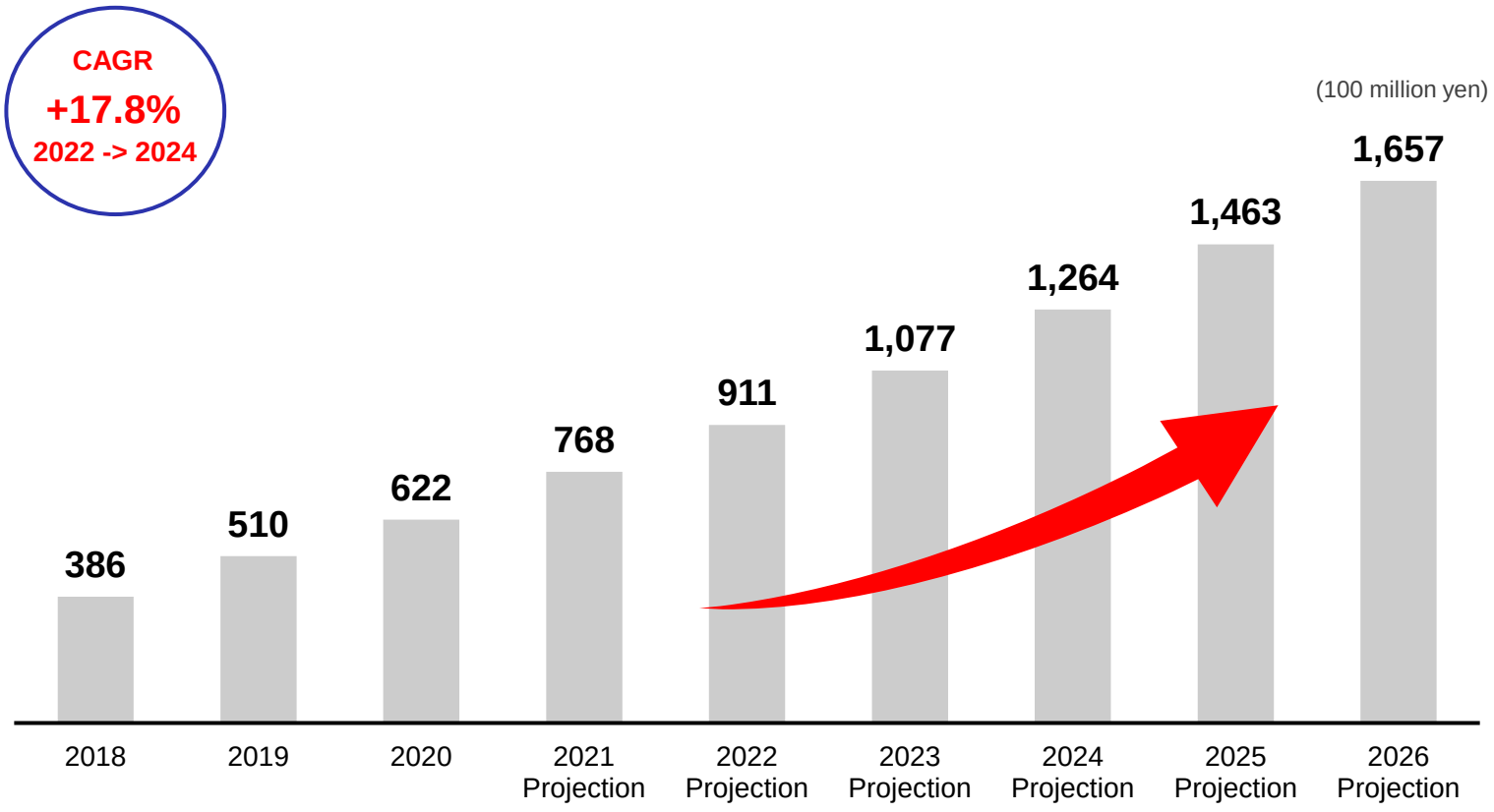


Appendix

- Market Size Forecasts for Individual Businesses
- Business Models of Individual Businesses

Media Business

Forecast for the Love and Marriage Matching Market Size



Love and Marriage Matching Market Size

Source: Tapple, Inc./digitalinfact Graph prepared by the Company based on figures in the Domestic Online Love and Marriage Matching Service Market Projection for 2018-2026.

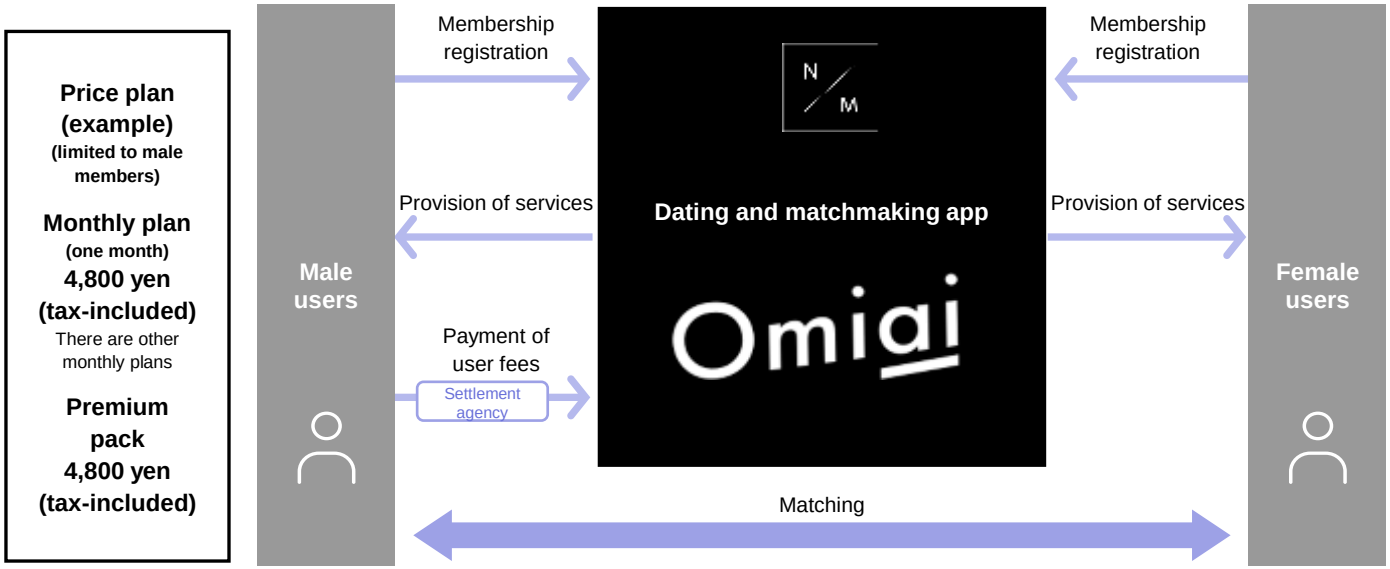
©2022 Net Marketing Co. Ltd. All rights reserved.

Media Business

Business Model

NET MARKETING CO. LTD.

Dating and matchmaking app "Omiai"



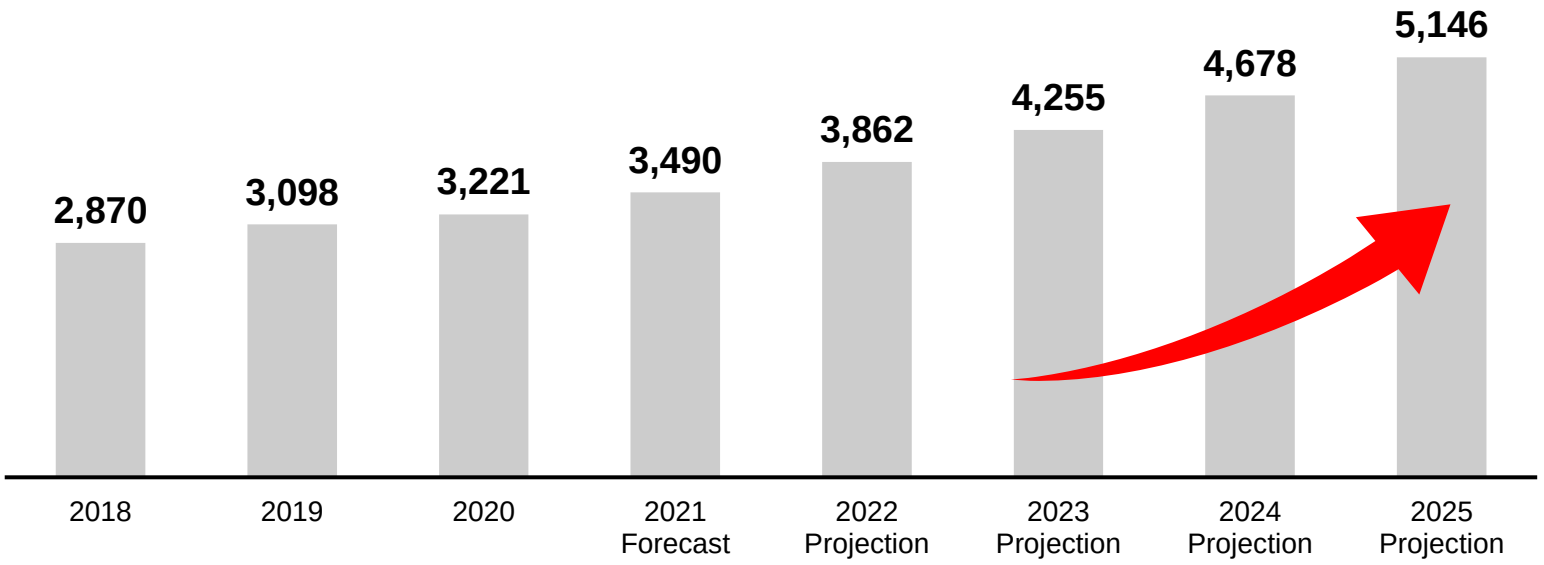
©2022 Net Marketing Co. Ltd. All rights reserved.

Advertising Business

Forecast for the Affiliate Advertising Market Size

CAGR
+10.0%
2023 -> 2025

(100 million yen)



Affiliate advertising market

Source: Graph created by the Company based on figures from the Trends in and Outlook for the Affiliate Marketing Market 2022 announced by Yano Research Institute Ltd. on January 31, 2022
Note: Estimate for FY2021 and predictions for FY2022 and beyond. The market size was calculated by adding the rewards for results from affiliate advertising, fees and various expenses.

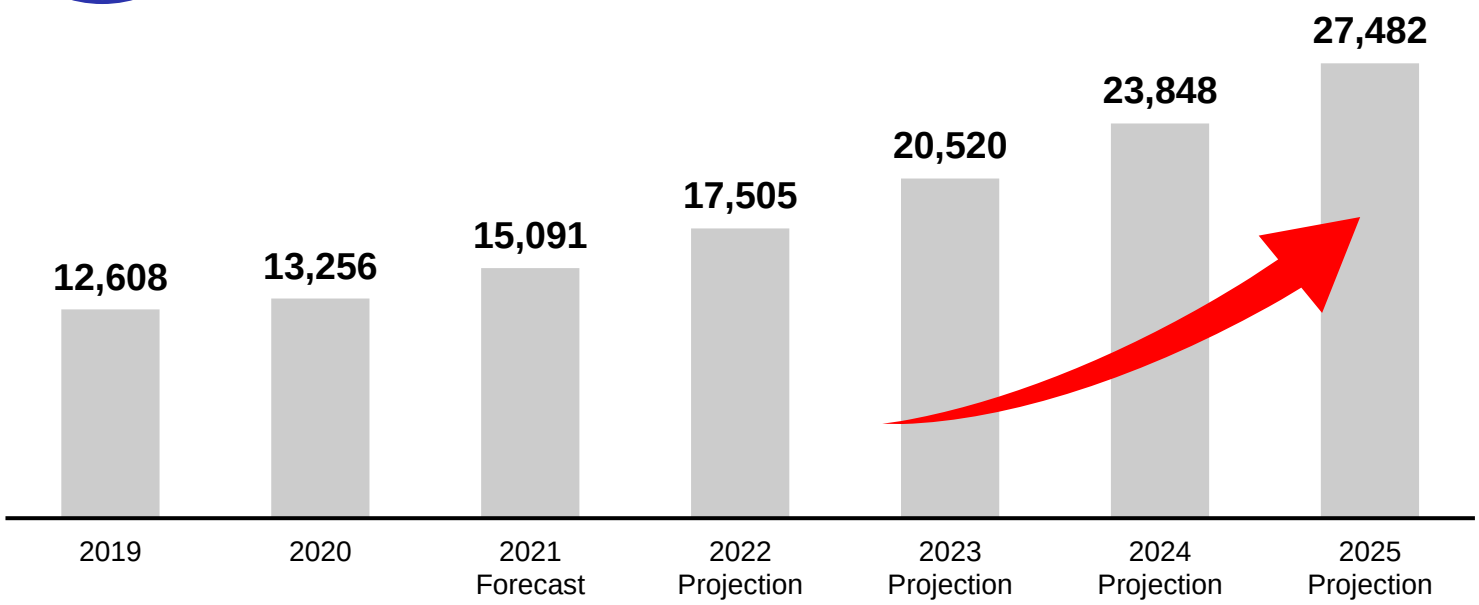
©2022 Net Marketing Co. Ltd. All rights reserved.

Advertising Business

Forecasts for the Market Size of Programmatic Advertising

CAGR
+15.7%
2023 -> 2025

(100 million yen)



Programmatic advertising market

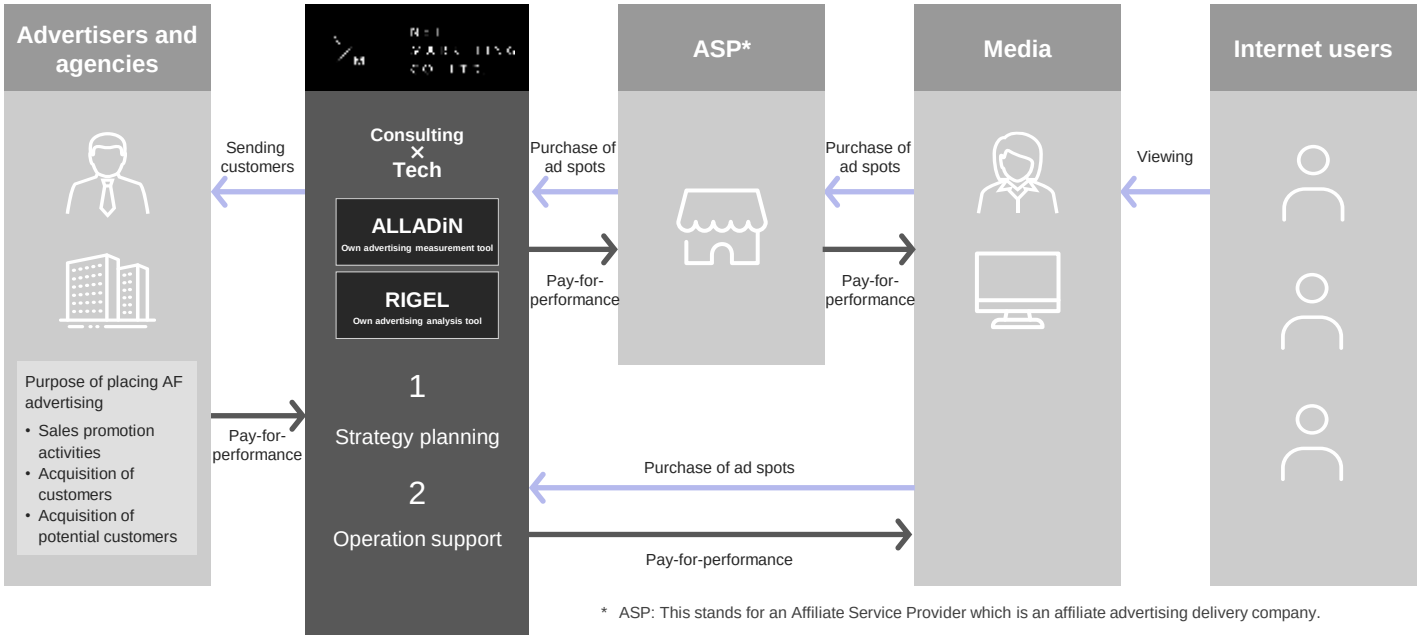
Source: Graph created by the Company based on figures from the Status and Outlook of Net Advertising and Web Solutions Market 2022 announced by MIC Research Institute on February 16, 2022
Note: Estimate for FY2021 and predictions for FY2022 and beyond
Note: The above figures show the market size of programmatic advertising in the advertising agency market.

©2022 Net Marketing Co. Ltd. All rights reserved.

Advertising Business

Business Model —

Affiliate advertising consulting

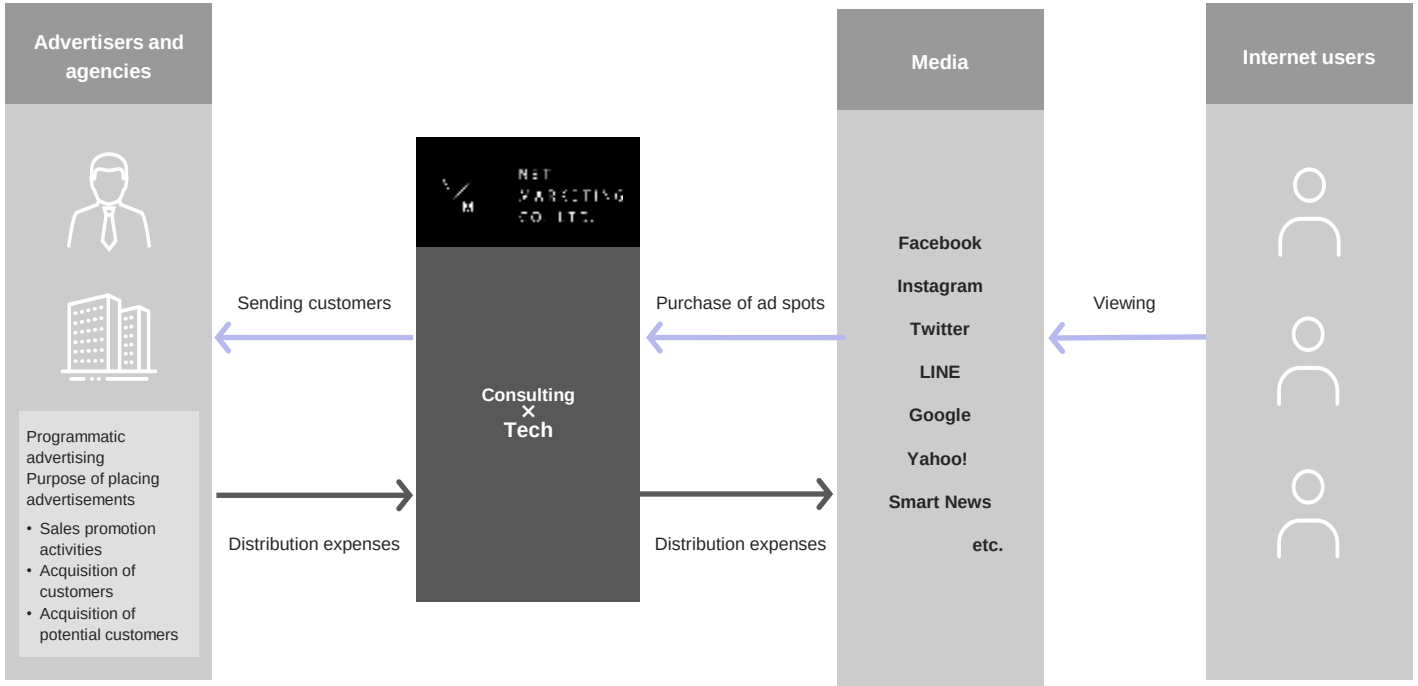


©2022 Net Marketing Co. Ltd. All rights reserved.

Advertising Business

Business Model

Consulting of programmatic advertisements



©2022 Net Marketing Co. Ltd. All rights reserved.

NET
MARKETING
CO. LTD.

This material was prepared by Net Marketing Co. Ltd. (hereinafter referred to as “the Company”) to increase understanding of the current status of the Company. The information contained in this material is derived from various sources including knowledge within the Company and public information available to the Company and the Company makes no guarantee of the accuracy of such information. The actual performance of the Company may differ due to a variety of factors.